

Glasgow City Council Internal Audit Section

Committee Summary

Corporate Review – Fees and Charges

Item 2(b)

26th March 2025

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1 Introduction

- 1.1 As part of the agreed Internal Audit plan, we have carried out a review of fees and charges levied for Council services.
- 1.2 Each year Neighbourhoods, Regeneration and Sustainability (NRS) publish a Book of Charges, detailing the agreed fees for the various services, permits etc. which citizens and businesses may require. Additionally, other Council Services apply fees and charges for a range of service provision e.g. licences, nursery places, care homes and catering services. Charges may be subject to annual or other regular review.
- 1.3 In some cases, service users are required to pay upfront at the point of requesting the service such as over the internet or phone, and for other services, they are invoiced at a later date. Depending on the service and charging policy, some fees and charges are coded into various Council systems to ensure these reflect agreed rates and users are charged accurately.
- 1.4 The purpose of this audit was to gain assurance that fees and charges for Council services are maintained on all relevant systems to reflect current approved rates, and that service users are charged accurately. The audit included a review of the key controls in the following areas:
 - Documented policies and procedures, roles and responsibilities
 - Sample testing of service fees and charges
 - Sample testing of payments
 - A review of the systems and documents in use advising service users and staff of the latest fees and charges.
 - Arrangements for updating systems and documentation in respect of any adjustments to fees and charges
 - Discounts and refunds
 - Audit trails
 - The treatment of VAT.
 - Record keeping arrangements
- 1.5 We selected a sample of service areas for review:
 - Chief Executive's Department (CED)
 - Licensing - Various Licenses
 - Education Services (ES)
 - Glasgow School's Symphony Orchestra (GSSO)
 - Early Years Charges
 - Psychological Services
 - Social Work Services (SWS)
 - Telecare
 - Private Help at Home

- Supported Living
- NRS
 - Allotments
 - Crane Permits
 - Sale of Bins
 - Business Parking Permit
- Financial Services (FS)
 - Encore

2 Audit Opinion

- 2.1 Based on the work carried out a limited level of assurance can be placed upon the control environment. The audit has identified scope for improvement in the existing arrangements and four recommendations which management should address.

3 Main Findings

- 3.1 Sample testing of fees & charges (five per function) confirmed the majority had been appropriately approved and handled in line with current procedures. Where VAT was applicable, it was charged at the correct rate and was accounted for separately on invoices and in the financial ledger.
- 3.2 Evidence was provided to demonstrate that in most cases, fees and charges had been approved by senior management, and where applicable, by the relevant committee.
- 3.3 Some service areas do not have documented procedures relating to fees & charges at a local level. In our sample, only Early Years, SWS (all selected areas) and Sale of Bins could provide a copy of the document/guidance which covered their local arrangements. In addition, we also observed through discussion with relevant officers from Psychological Services that there was a lack of clarity in relation to roles & responsibilities in respect of the fees & charges process, including refunds.
- 3.4 Sample testing within FS Encore identified one instance where the vendor was slightly overcharged. This was as a result of human error when manually inputting the pricing data into the financial system and has now been repaid. This was not detected before the invoice was issued to customer. We were advised that due to the nature of items that customers are charged, FS Encore are required to manually input data for invoices issued.
- 3.5 The fees & charges for Crane Permits have not been updated since 2022/23. The NRS Book of Charges had been appropriately updated each year, however the online application (Lagan) used for permits had not been updated to align with the new charges, resulting in customers being undercharged. For example, the current charge for a Crane permit is £172 per day, however applicants are being charged £164, which was the approved charge in 2022/23. Although not part of the initial sample, we also identified that the fees and charges relating to other permits issued by the department had also not been updated since 2022/23. These related to Skip Permits, Road Occupation Permits and Scaffold Permits.
- 3.6 For FS Encore the approval for updating the fees and charges on the council's financial system was provided verbally and no evidence or audit trail to confirm this approval being

undertaken could be provided. Additionally, for Early Years, we observed that the charging rates are published online, however we noted that the 'Non-residential Standard Rate (3-5)' had not being updated to reflect the current rate on the Glasgow Family Information Service (GFIS) website (although we confirmed that the correct rate was actually charged).

- 3.7 We confirmed that refunds had been appropriately administered and approved for some of the service areas. However, there were areas of non-compliance and control weaknesses found. Full details of the issues identified are recorded in recommendation 4 of the Action Plan.
- 3.8 An action plan is provided at section four outlining our observations, risks, and recommendations. We have made four recommendations for improvement. The priority of each recommendation is:

Priority	Definition	Total
High	Key controls absent, not being operated as designed or could be improved. Urgent attention required.	1
Medium	Less critically important controls absent, not being operated as designed or could be improved.	3
Low	Lower level controls absent, not being operated as designed or could be improved.	0
Service Improvement	Opportunities for business improvement and/or efficiencies have been identified.	0

- 3.9 The audit has been undertaken in accordance with the Public Sector Internal Audit Standards.
- 3.10 We would like to thank officers involved in this audit for their cooperation and assistance.
- 3.11 It is recommended that the Head of Audit and Inspection submits a further report to Committee on the implementation of the actions contained in the attached Action Plan.

4 Action Plan

No.	Observation and Risk	Recommendation	Priority	Management Response
Key Control: Documented procedures are in place, which are reflective of current working practices and officers are aware of their role in the process.				
1	<p>Some service areas do not have documented procedures relating to fees & charges at a local level.</p> <p>In our sample, only Early Years, SWS and Sale of Bins could provide a copy of the document/guidance which covered their local arrangements.</p> <p>In addition, within Psychological Services there was a lack of clarity in relation to roles & responsibilities in respect of the fees & charges process.</p> <p>The absence of formalised documented procedures, in conjunction with the lack of officer awareness in relation to their roles and responsibilities, increases the risk of errors being made and inconsistent practices.</p>	<p>Service Management (for the relevant functions) should conduct a review of local procedures in relation to fees & charging and ensure that these are adequately documented and outline the roles & responsibilities of all officers and service areas involved in the process.</p> <p>Thereafter, these should be appropriately approved, regularly reviewed and communicated to all relevant staff with a reminder of the importance of adhering to the requirements outlined</p>	Medium	<p>Response:</p> <p>FS – Accepted. FS Encore management will conduct a review of local procedures in relation to fees & charging and ensure that these are adequately documented and outline the roles & responsibilities of all officers and service areas involved in the process.</p> <p>CED – Accepted. In terms of current working practices all licensing staff are aware of their roles and responsibilities in respect of payments, fees and charges, and will be reminded through team meetings and other routine team engagement.</p> <p>NRS- Accepted. NRS management will conduct a review of local procedures in relation to fees & charging and ensure that these are adequately documented. We will also outline the roles &</p>

No.	Observation and Risk	Recommendation	Priority	Management Response
				<p>responsibilities of all officers and service areas involved in the process. These will be communicated to relevant staff with a reminder of importance of adhering to the requirements</p> <p>ES – Accepted. Psychological services only charge out if they have an annual conference which can be on an adhoc basis. This always has a member of the Accounting and Budgeting Team involved in the setting up and issuing of the charges. The task is completed with the Head of Psychological Services. A high-level process will be drawn up.</p> <p>Officer Responsible for Implementation:</p> <p>FS - Senior Operations Manager, FS Encore</p> <p>CED – Licensing Manager</p> <p>NRS – Divisional Director of Finance, Governance & Transformation</p> <p>ES – Head of Resource</p> <p>Timescales for Implementation:</p> <p>FS - 31st August 2025</p>

No.	Observation and Risk	Recommendation	Priority	Management Response
				CED – 31 st May 2025
				NRS – 31 st May 2025
				ES – 30 th June 2025

No.	Observation and Risk	Recommendation	Priority	Management Response
Key Control: Fees and charges are coded correctly to ensure that service users are charged accurately.				
2	<p>Sample testing of fees & charges (five per service area), identified the following areas on non-compliance.</p> <p>FS Encore – One instance where the vendor was overcharged. This was as a result of human error when manually inputting the pricing data into the financial system. This was not detected before the invoice was issued to customer (this has now been repaid).</p> <p>FS Encore advised that due to the nature items that customers are charged, they are required to manually input data for invoices issued.</p> <p>The current arrangements increase the risk of errors being made due to the level of manual intervention required for invoices generated by FS Encore.</p>	<p>FS Encore management should review their current arrangements to ensure that the level of manual intervention is still required and consider if other options would improve the invoice payment process.</p> <p>Management should also remind all relevant staff of the importance of checking the accuracy of invoice data before they are processed for payment.</p>	Medium	<p>Response:</p> <p>FS – Accepted. FS Encore management will review their current arrangements to ensure that the level of manual intervention is still required and consider if other options would improve the invoice payment process.</p> <p>Management should also remind all relevant staff of the importance of checking the accuracy of invoice data before they are processed for payment.</p> <p>Officer Responsible for Implementation:</p> <p>FS - Senior Operations Manager, FS Encore</p> <p>Timescales for Implementation:</p> <p>FS - 31st August 2025</p>

No.	Observation and Risk	Recommendation	Priority	Management Response
Key Control: An adequate process is in place to ensure that any changes to fees and charges are appropriately approved, published and coded promptly in order that service users are charged correctly.				
3	<p>Sample testing identified that the fees & charges for Crane Permits had not been updated since financial year 2022/23.</p> <p>The NRS Book of Charges had been appropriately updated each year, however the online application used for permits (Lagan) had not been updated to align with the new charges, resulting in customers being undercharged. The current charge for a Crane permit is £172 per day, however applicants are being charged £164, which was the approved charge in 2022/23.</p> <p>The fees and charges relating to other permits issued by the department had also not been updated since 2022/23. These related to Skip Permits, Road Occupation Permits and Scaffold Permits.</p> <p>We also identified that for Encore the approval for updating the fees and charges on the council's financial system was provided verbally and therefore no evidence was retained.</p> <p>For Early Years, we observed that the charging rates are published on the Glasgow Family Information Service (GFIS) website, however we noted that the 'Non-residential Standard Rate (3-5)'</p>	<p>NRS management should ensure that the Lagan system is appropriately updated to reflect current Crane Permit rates in a timely manner.</p> <p>Management should also conduct a review to ensure that the rates for all permit types have been appropriately updated. Where further errors are found, these should be addressed and updated.</p> <p>FS management should review the current arrangements in place for updating and approving Encore fees & charges and ensure this is formalised. In addition, all relevant officers should be made aware of their role in process.</p> <p>ES management should ensure that all Early Years charges have been appropriately updated on all relevant systems and that these align to the current rates.</p>	High	<p>Response:</p> <p>FS – Accepted. FS Encore management will review the current arrangements in place for updating and approving Encore fees & charges and ensure this is formalised. In addition, all relevant officers should be made aware of their role in process.</p> <p>NRS – Accepted. The Lagan System is currently being updated to reflect the current Crane Permit rate. NRS Management will also conduct a review to ensure the rates for all permit types have been updated and further errors addressed & updated.</p> <p>ES – Accepted. Officers will be reminded of the necessity to ensure that all ancillary systems are updated with any new charges. This will be in line with all price increases which are implemented from April 2025 and sometimes August 2025.</p>

No.	Observation and Risk	Recommendation	Priority	Management Response
	<p>had not being updated to reflect the current years rate.</p> <p>If adequate arrangements are not in place to ensure that systems are appropriately updated to reflect the current charging rates, applicants will not be charged the correct amount which will result in a loss of income to the Council.</p> <p>Additionally, the lack of an adequate audit trail to demonstrate approval increases the risk that charges have been incorrectly updated and without the appropriate officer authorisation.</p>			<p>Officer Responsible for Implementation:</p> <p>FS - Senior Operations Manager, FS Encore</p> <p>NRS – Divisional Director for Finance, Governance & Transformation</p> <p>ES – Head of Resources</p> <p>Timescales for Implementation:</p> <p>FS - 31st July 2025</p> <p>NRS – 31st May 2025</p> <p>ES – 31st May 2025 and 30th September 2025</p>

No.	Observation and Risk	Recommendation	Priority	Management Response
Key Control: There is an appropriate refund and approval process in place and evidence is held to support all refunds made.				
4	<p>We selected a sample of 36 refunds covering the selected service areas (where refunds had been made) and found the following areas of non-compliance:</p> <p>GSSO and Encore – all of the refunds selected for sample testing, had been approved verbally, with no formal or written approval made by an authorising officer.</p> <p>Licensing and Crane Permits - two occasions (one from each area) where the refund request was not actioned in a timely manner. For example, the refund was not actioned or processed until 4 months after the request was received.</p> <p>For Psychological Services, although no external customer refunds had taken place at the time of the audit fieldwork, through discussion with relevant staff, we noted that there was a lack of awareness over the process and which officer was responsible for approving refunds.</p> <p>The current arrangements increase the risk that errors could be made and not identified or addressed in a timely manner. There is also an increased risk of fraud if refunds are administered without</p>	<p>Senior Management (for the relevant functions) should conduct a review of their current refund arrangements and ensure that these are updated to demonstrate a clear segregation of duties and that all refunds are formally processed, adequately recorded and actioned in a timely manner.</p> <p>Management should also ensure that these are documented, appropriately approved and circulated to all relevant officers with a reminder of the importance to adhering to the arrangements outlined.</p>	Medium	<p>Response:</p> <p>FS – Accepted. Senior Management will conduct a review of their current refund arrangements and ensure that these are updated to demonstrate a clear segregation of duties and that all refunds are formally processed, adequately recorded and actioned in a timely manner.</p> <p>FS Encore Management will also ensure that these are documented, appropriately approved and circulated to all relevant officers with a reminder of the importance to adhering to the arrangements outlined.</p> <p>NRS – Accepted. NRS management will conduct a review of their current refund arrangements and ensure that these are updated to demonstrate a clear segregation of duties and that all refunds are formally processed, adequately recorded and actioned in a timely manner.</p> <p>NRS management will also ensure that these are documented,</p>

No.	Observation and Risk	Recommendation	Priority	Management Response
	the appropriate approval from an authorised officer.			<p>appropriately approved and circulated to all relevant officers with a reminder of the importance to adhering to the arrangements outline.</p> <p>ES – Accepted. Psychological services only charge out if they have an annual conference which can be on an adhoc basis. This always has a member of the Accounting and Budgeting Team involved in the setting up and issuing of the charges, and any credits which may be required. The process for credits will be included within the high-level process.</p> <p>CED – Accepted. Current draft process close to completion, will be shared with Corporate Governance and issued to Audit to evidence compliance once complete.</p> <p>Officer Responsible for Implementation:</p> <p>FS - Senior Operations Manager, FS Encore</p>

No.	Observation and Risk	Recommendation	Priority	Management Response
				<p>NRS – Divisional Director for Finance, Governance & Transformation</p> <p>ES – Head of Resources</p> <p>CED - Licensing Manager</p> <p>Timescales for Implementation:</p> <p>FS - 31st August 2025</p> <p>NRS – 31st May 2025</p> <p>ES – 30th June 2025</p> <p>CED – 31st May 2025</p>